

13 July 1971

MEMORANDUM FOR THE RECORD

SUBJECT: GAO Request for Declassification of Statement on the Vietnam Pacification Program for Release to the Congress

1. On 12 July 1971, I was contacted by Col. Ray Singer of the Joint Staff regarding declassification of a statement which Mr. Oye V. Stovall, Director of the International Division of the GAO, wished to make before the Subcommittee on Foreign Operations and Government Information of the House Committee on Government Operations on Thursday, July 15th. The statement describes a 1970 survey by the GAO of the CORDS program conducted in Vietnam. The statement summarized a voluminous background document which was the result of the 1970 survey. The immediate declassification issue as far as CIA is concerned was declassification of a figure propoing to show CIA contributions to the Pacification Program for Fiscal Years '68, '70 and '71.

2. The statement notes that during these years U. S. contributions total \$2.1 billion. A later paragraph states as follows:

"Source of U. S. Contributions

U. S. funds are contributed under the appropriations of the Agency for International Development, the Department of Defense, and the Central Intelligence Agency. CORDS receives the funds directly from these organizations or from the individual budgets of subordinate U. S. organizations in South Vietnam and the United States. The budgeted U. S. dollar contributions by contributing organizations are as follows in millions of dollars: Agency for International Development -- \$191.6; Department of Defense -- \$1,770.0; Central Intelligence Agency --

[ ] SECRET)"

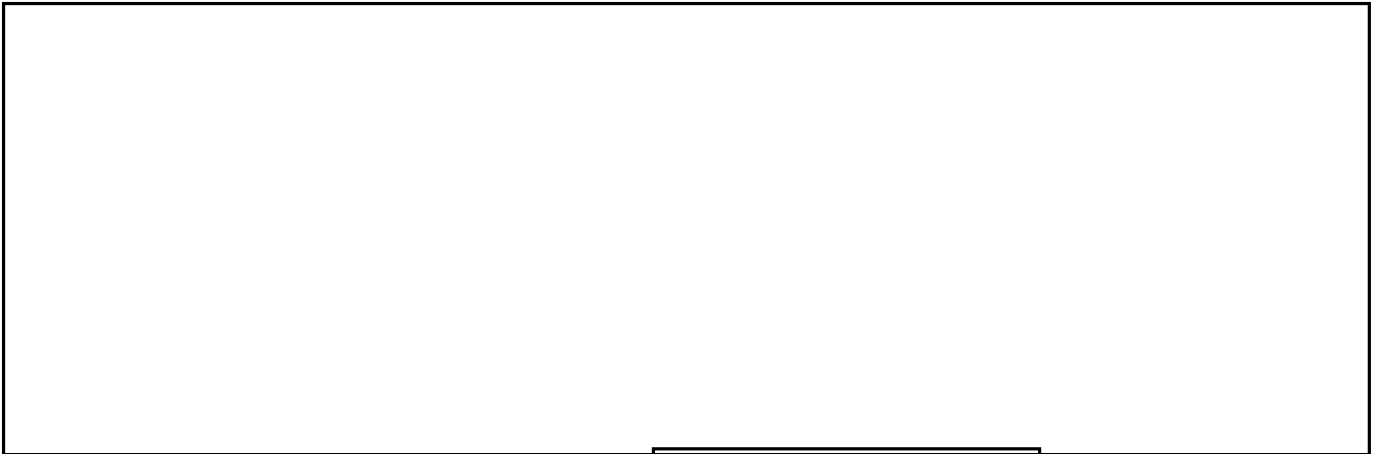
On file GAO release instructions apply.

OSD and DOS review(s) completed.


CRC, 3/17/2003

3. On 13 July the DDP advised me that the Director did not wish to have the Agency budget figure declassified and wondered if this was a correct figure. Subsequently in conversation with Col. Singer he agreed to leave out the last sentence in the above quoted paragraph in the unclassified version thereby eliminating any reference to Agency budget figures.

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Chief, Far East Division

DDP/CFE:   
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1 - Exec. Dir-Comptroller  
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Approved For Release 2004/03/30 : CIA-RDP73B00296R000300200007-0

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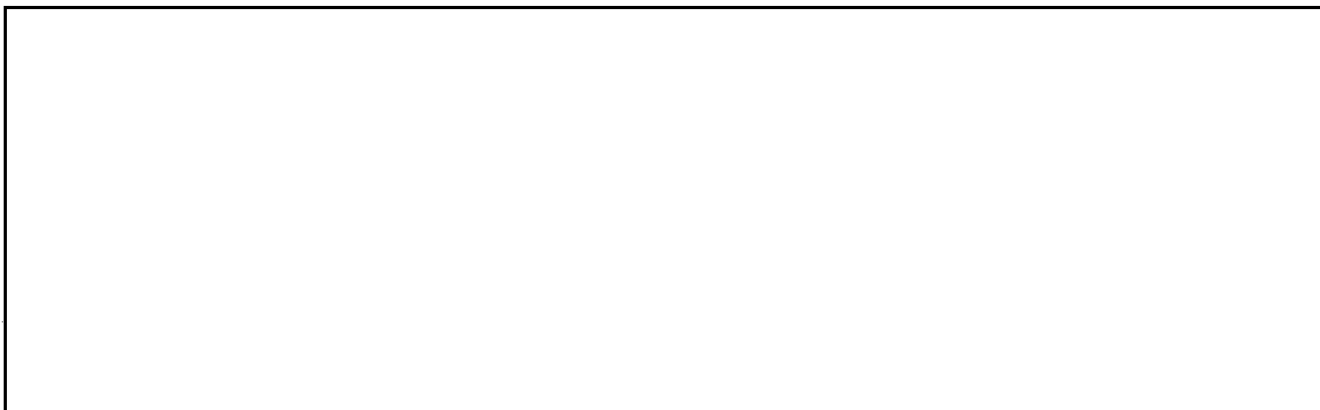
**CONFIDENTIAL**

Journal - Office of Legislative Counsel  
Friday - 21 May 1971

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25X1A 6. [ ] Mr. Maury and Mr. [ ] talked with Ed Braswell, Chief Counsel, Senate Armed Services Committee, about the Agency's position with regard to the transmittal of intelligence information to GAO in connection with a study GAO is undertaking at Senator McIntyre's request on U.S. -USSR military RDT&E expenditures. See Memo for Record.

25X1 7. [ ] Received a call from Bill Woodruff, Counsel, Senate Appropriations Committee, who suggested that we provide him with several possible dates which would be convenient for the Director to appear before the Intelligence Subcommittee on the community and CIA budgets during the week of 7 June. I told Woodruff we would be back in touch with him on this. 25X1



25X1 8. [ ] Met with Mr. Donald May, Legislative Assistant to Senator Gaylord Nelson (D., Wis.), in response to his letter on behalf of the Senator requesting unclassified information on the Soviet defense budget. I explained to Mr. May that any information we had on this subject was in the classified field and we then discussed the substance of an Agency intelligence memorandum entitled "Soviet Defense and Space Spending 1962-71" dated May 1971. (May has a current TS clearance with DOD.) May then showed me a paper he had done on this subject in 1969 and the statements therein were remarkably accurate and current. He thanked me for meeting with him and agreed that there should be no attribution to the Agency in anything which we had discussed.

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25X1

9. [ ] Met with Ed Braswell, Chief Counsel, Senate Armed Services Committee, and told him we have had further internal discussions on the GAO RDT&E study and have pretty much decided to do nothing on this unless we hear from Senator McIntyre. This is based on the fact that we have responded to the only inquiry we have received on this to date, i. e., the request from GAO. Braswell said he had no real problem with this, although there was always the possibility that Senator McIntyre would react by claiming that the Administration has refused to permit an objective evaluation of John Foster's testimony.

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10. [ ] Met with Mr. [ ] and alerted him to the possibility that the Senate Appropriations Committee would want a transcript of our budget presentation later this month and I outlined the procedures we would like to follow with sensitive transcripts like this. [ ] said he thought he could accommodate our requirements but he could not guarantee 24-hour transcription of the record. I said this caused us no problem but was something he would have to discuss with Mr. Woodruff. We will await a decision by the Committee on this but [ ] will be prepared to provide us the names of a shorthand reporter and transcribers in advance so that we can check the status of their security clearances and process them for additional access clearances.

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11. [ ] I called Bill Casselman, on the White House staff, and he gave us clearance to send our proposed letter to Representative Edward Koch in response to his query on personal files maintained by the Agency. Casselman commented that there had been some discussion of referring this matter to the LIG, but this was changed.

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12. [ ] Talked to Mr. John Garrity, House Defense Subcommittee staff of the Appropriations Committee, and received from him the detailed itinerary of Representative Minshall's (R., Ohio) European trip scheduled for 20 through 31 May. Appropriate field stations will be advised.

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Wednesday - 12 May 1971

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25X1

9. [ ] Met with David Minton, Staff Director and Counsel, Senate Post Office and Civil Service Committee and discussed the prospects in the Senate for the Federal Executive Service legislation (H.R. 3807). Minton believes the legislation is a "warmed over" idea but said that Chairman Hampton's testimony was favorably received and that the legislation could move, but that amendments would be needed. Minton was sympathetic to our needs and said he was sure that Chairman McGee would agree with whatever we felt was necessary and this would apply to NSA as well. He said the FBI might have a hard time, however. He said the only one we would have to convince, if we were interested in pursuing clarifying amendments, would be Senator Hiram Fong (R., Hawaii), Ranking Minority Member and he felt we would be able to do this through a letter from the Director to Senator Fong.

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10. [ ] Called Mary Jane Del Balzo, in the office of Senator Mike Mansfield (D., Mont.), in connection with the Senator's letter on behalf of [ ] and she suggested that we send application forms directly to the Senator's office, [ ] had made the inquiry to the Senator.

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11. [ ] OP/MMPD, called to let us know that when the Air Force people went back to see Mr. Robert Foster, on the staff of the House Appropriations Committee, concerning the item on Air Force personnel in the budget they said this had already been taken care of by our contact with the Committee and no further problems were encountered. See Journal of 7 May 1971.

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12. [ ] Talked at some length with Ed Braswell, Chief Counsel, Senate Armed Services Committee, about the situation regarding GAO's request to us for assistance in the study they are preparing at Senator McIntyre's request on U.S. and Soviet military R&D expenditures. It is Braswell's recommendation that we contact Senator McIntyre personally on this (without Committee staff present) and explain to him our problem with a GAO study and brief him on the subject matter involved.

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JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Tuesday - 11 May 1971

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1. [ ] Accompanied [ ]  
[ ] FMSAC, who briefed Chairman Downing (D. Va.) of the NASA Oversight Subcommittee and "Dan" Boone of the Subcommittee staff on the Soviet space program. Downing was most complimentary and asked if the same briefing (which had included SI and TKH material) could be given the full Subcommittee. I said I'd check with the Director and let him know.

Downing expressed particular concern on possible waste and duplication as between NASA and NRO activities, and wondered on what level decisions were made as between NASA's needs and the protection of sophisticated reconnaissance equipment.

Downing requested unclassified figures on the cost of Soviet space efforts in terms of dollar equivalent and the percent of the Soviet GNP which we promised to provide.

As we left Downing said he'd like to talk to me some time about some valuable real estate in his district.

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2. [ ] Talked with J. Sourwine, Chief Counsel, Senate Internal Security Subcommittee, about his having someone place in the Congressional Record the Time magazine article on the "Trade in Troublemaking." Sourwine said they would be pleased to put this in the Record, but he raised the question as to whether we could document the article any further. I told him I would check on this and be back in touch with him.

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3. [ ] Talked with Mr. Hyman Fine, on the staff of the Senate Armed Services Committee, about GAO's request for our assistance in the preparation of a study on a comparison of U.S. and Soviet military research and development expenditures and the Director's letter to GAO asking that we be excused from participation in this study. Fine does not have the compartmented clearances which would be involved in the full discussion of the substance of this matter, but is generally aware of the problems involved. He raised the question, however, as to whether we could not respond in large measure to the question raised in Senator McIntyre's original letter to GAO. I also asked him to consider the possibility of our working directly with members of Senator McIntyre's Subcommittee staff, bypassing the GAO clearance problem. (This would of necessity involve clearing Fine and his associates.) We agreed to talk this over in our respective offices and then get together again to see if we could not work out some reasonable solution.

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Thursday - 6 May 1971

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5. [ ] Mr. [ ] and I met with Representative Walter E. Powell (R., Ohio), a freshman member of the Employee Benefits Subcommittee, and explained our position with the Ervin bill and left some back-up material for Powell's examination. Powell seemed sympathetic and indicated he would probably support a complete exemption for the Agency.

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6. [ ] Mr. [ ] and I met with Representative Charles H. Wilson (D., Calif.) who had introduced in the House a bill similar to the Ervin bill which provided no blanket exemptions for CIA. After hearing our arguments for such an exemption, Wilson indicated he was open minded on the subject and would appreciate detailed written analysis of the problems the bill created for the Agency, which we promised to provide promptly.

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7. [ ] Finance, called regarding GAO's desire to audit Berlin occupation forces payments. I told him this subject had come at the Legislative Interdepartmental Group meeting yesterday and I briefed him on the status of it.

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8. [ ] After the above meeting with Mr. Frank Slatinshek, House Armed Services Committee staff, I talked to him about the civil service retirement proposal, H. R. 7027, to guarantee the cost-of-living increase to employees retiring after the effective date of such increase. It is Mr. Slatinshek's feeling that the Committee will approve appropriate amending legislation to bring the Agency retirement system into phase after H. R. 7027 has been enacted.

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9. [ ] OGC, telephoned

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to Representative Peyser's (D., N. Y.) office inquiring about the Agency's investment retirement program. Mr. [ ] informed Mr. [ ] that there was no record of any representative of CIA having contacted him. Mr. Stewart admitted that he had talked to no one but wished to send certain material about his program to the Agency for consideration. Mr. [ ] told Mr. [ ] that after careful study, the Agency had selected certain companies to handle its program. However, he could feel free to submit information concerning his company.

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c. GAO Audit of Berlin Occupation Costs: State has apparently refused to provide information to GAO, but there is some question as to whether they can make this stick without risking serious resentment from people like Chairmen Morgan and Stennis. State, Defense, and Justice are to look at the situation again and see if there is any reason to change the original position. They will report back to General Haig.

d. GAO Study on Soviet-US R&D: General Haig mentioned the note that was sent to the Director and I said the Director had sent a letter to Mr. Staats yesterday asking to be excused. Mr. Johnson said John Foster has talked with Senator McIntyre and thinks this is under control. (I'm not at all sure that either Foster or McIntyre had any idea of our impending turndown, but I did not raise this point.)

e. Moose and Lowenstein: Dave Abshire and Joe Wolf referred to Lowenstein's request for access to sensitive information in certain State cables, but they think this can be handled. Lowenstein has commented to Wolf that he had good cooperation from all agencies on the trip. (Moose is finishing the schedule on his own since Lowenstein had to return because of his wife's illness-meningitis.)

f. Various Requests from Senator Fulbright: Senator Fulbright apparently is inundating both State and Defense with requests of all sorts. Mr. French commented that GAO is in the midst of a big power play and is getting in the habit of going to various committee chairmen to get them to write letters asking various departments and agencies for information.

g. Representative Paul McCloskey: There was some discussion about McCloskey's letter to Defense on air operations in Laos since 1965. Defense said they are not about to undertake this task, but feel they can give him some sort of a reasonable reply. (I did not mention McCloskey's meeting with General Cushman this morning.)

h. Senator Church's Letter to Defense Requesting the Appearance of the Defense Attache in Brazil: Mr. French said they are holding to the position that only the heads of intelligence organizations will testify on intelligence matters. (His reference was to General Bennett.) General Haig agreed.

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6 AD

OLC 71-0331

4 May 1971

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Ed Braswell, Chief Counsel, Senate  
Armed Services Committee

1. I met with Ed Braswell today and alerted him to the fact that the Director would be sending a letter to Elmer Staats, of the Government Accounting Office, asking that the Agency be excused from participating in the preparation of a study of Soviet military R&D expenditures in view of the sensitive sources and methodology involved.

2. Braswell said he hoped this would be a matter that would be handled strictly within the McIntyre R&D Subcommittee which had made the original request to GAO. He added, however, that he hoped Senator McIntyre (who is becoming a senior member of the full Committee) would not be irritated by our response. He suggested that we talk with Ross Hamachek and/or Hyman Fine about this since they have been the staff personnel working for McIntyre. He said he doubted that either they or Senator McIntyre had expected or even knew of Agency involvement in this study. He also said that it would have been useful if we could have worked something out with GAO without getting into compartmented information. I said I thought we were past that point since the answers to the questions contained in McIntyre's letter to GAO would necessarily involve information at the compartmented level.


3. Braswell said the full Committee would be hearing Warren Nutter, Assistant Secretary of Defense for International Security Affairs, on the free world forces authorization legislation on Thursday. Senator Stennis is anxious to avoid the kind of uncertainty that was involved with this legislation last year and would like to know just what forces the Agency is funding in Southeast Asia. Braswell asked if I could bring John Clarke up tomorrow to talk with him about this. The meeting is being arranged.

Distribution:

Original - Subject

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1 - OLC Chrono

  
Deputy Legislative Counsel

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Tuesday - 4 May 1971

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25X1 6. [ ] In the absence of Lawrence Barker, in the office of Senator Thomas F. Eagleton (D., Mo.), left with the Senator's receptionist a CRS "Chiefs of State" publication.

25X1 7. [ ] Ralph Preston, Staff Assistant, House Appropriations Committee, called to say that Chairman Mahon had a friend whose son was planning to visit Russia on a tour under the auspices of the American Institute for Foreign Study and wanted to know if we had any derogatory information on this organization, since the young man hopes later to apply for Government employment.

25X1 8. [ ] Talked with John Martiny, Counsel, House Post Office and Civil Service Committee, who, after consulting Chairman Hanley, Subcommittee on Employee Benefits, said that the Chairman would be glad to discuss with me our problems on the Ervin bill on Thursday, 6 May, at 2:30 p.m.

25X1 9. [ ] Miss Hendricks, in the office of Representative Richard Ichord (D., Mo.), called and requested a personnel interview for a constituent, [ ].  
25X1A 25X1A After checking with Mr. [ ], OP, I called Miss Hendricks and the appointment was arranged for 11 a.m., Thursday, 6 May.

25X1 10. [ ] Advised the office of Representative Don Edwards (D., Calif.) that the Congressman's letter and the copy of the letter from [ ] which was supposedly sent to the Director had been referred to the OSS/SSU archives offices for direct reply to [ ].  
25X1A I said we would forward the Congressman a copy of that correspondence.

25X1 11. [ ] Alerted Ed Braswell, Chief Counsel, Senate Armed Services Committee, to the fact that the Director was sending a letter to GAO asking that the Agency be excused from participating in the study on Soviet and U.S. military R&D expenditures.

Braswell said the Committee would be having hearings on the free world forces authorization on Thursday and asked if John Clarke could come up and brief him on Agency funding of any of these forces (See Memorandum for the Record).

I mentioned in passing that the Director would be testifying before Senator Church's Subcommittee on Western Hemisphere Affairs of Senate Foreign Relations Committee tomorrow.

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5. [ ] Met with Ed Braswell, Chief Counsel, Senate Armed Services Committee, and talked with him about the letter the Director had received from GAO asking the Agency to assist the Department of Defense by providing GAO with information on the cost of Soviet military research and development programs. This would be included in a study on U.S. and Soviet R&D expenditures which GAO is undertaking at the request of Senator McIntyre's Subcommittee on Research and Development. Braswell seemed favorably disposed toward my suggestion that DOD and CIA provide this material directly to the Subcommittee, thus eliminating GAO as a middleman. Braswell said he would look into this and be back in touch with me.

I advised Braswell that the Agency investment program had reached the point where we were now asking for an expression of interest from Agency employees and expected to implement the program shortly. Braswell appeared to have no difficulty with this and, in fact, gave the impression he thought it was a good idea.

I told Braswell we were preparing summary views on S.J. Res. 83 in response to the Committee's request. This is a bill by Senator Proxmire to establish a commission to review expenditures involved in interdiction bombing in Southeast Asia. Braswell said there was no press on this at the moment, but they would like our views.

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6. [ ] Met with Bill Woodruff, Counsel, Senate Appropriations Committee, and told him of my conversation with Ed Braswell about the study on U.S. and Soviet R&D expenditures. Woodruff also agreed that we should try to deal directly with McIntyre's Subcommittee on this and eliminate GAO.

I briefed Woodruff on the status of our employee investment plan and told him we were about to implement this if there was sufficient employee interest. Woodruff expressed no reservation.

Woodruff said that at the conclusion of the current briefings from the Department of Defense the Chairman would want the Director, DIA, and NSA to come up jointly for several days of hearings on the intelligence community budget. He said he expected this would be some time around 15 May.

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25X1 11. [ ] Hand-carried to the Joint Committee on Atomic Energy the corrected transcript and followup papers for the Director's briefing on 24 February.

25X1C In the absence of Captain Bauser and George Murphy, I briefed Colonel Sy Shwiller, of the JCAE staff, on the latest information on identification of [ ] Shwiller said he would inform Bauser and Murphy.

25X1 12. [ ] Checked further with John Lehman, of the White House staff, on the request from GAO for our assistance in the preparation of Soviet and U.S. military research and development programs. I advised Lehman of the Director's memorandum of 21 April to Mr. Kissinger on the subject and said we were still anxious for White House guidance on this. I mentioned to Lehman my suggestion that perhaps we could work this problem out by direct dealing with the Armed Services Committee eliminating GAO as the middleman. Lehman and Stuart French, of DOD, with whom I also discussed this, felt this might be a good solution. This matter will probably be on the agenda of the LIG meeting next Thursday. Meanwhile, we will consider discussing this with the Senate Armed Services Committee staff.

25X1 13. [ ] Met with James Woolsey, Senate Armed Services Committee staff, whom I briefed on recent developments regarding Soviet ICBMs, Soviet ABM system, ChiCom nuclear facilities, high-performance Soviet aircraft in Egypt, new SAM installations in Egypt, and developments in the Soviet space program.

In response to my question, Woolsey said he had not been briefed on these subjects by Defense, and neither he nor members of the staff of the full Committee are now receiving regular DIA briefings on current developments. He indicated they did not consider such briefings very valuable and preferred to rely on CIA for keeping informed on current intelligence items. He commented that DIA did periodically brief Messrs. James Kendall and Ben Gilleas, of the Senate Preparedness Subcommittee staff, but he preferred not to rely on this channel for the Committee requirements.

Woolsey said Jack Ticer was Acting Chief of the Committee staff in Mr. Braswell's absence, but Braswell was expected back in the office, at least part-time next week.

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OLC 71-0263

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21 April 1971

MEMORANDUM FOR THE RECORD

SUBJECT: White House Meeting of Legislative Interdepartmental Group

1. This afternoon I attended the first meeting of the Legislative Interdepartmental Group in the Situation Room at the White House. The meeting was chaired by General Haig and included the following: Ken BeLieu, John Lehman, and Dick Cook of the White House staff; Stuart French, General James Lawrence, and Colonel Ricardo Alvarado of the Department of Defense; Harrison Symmes of Department of State, and Bill Rehnquist and Bob Wild of Justice Department.

2. Items of general interest to the Agency included the following:

a. During discussion of a GAO request to the State Department for national policy papers on the Philippines, Lehman asked about the status of the "Staats' letter to Helms." Referring to the GAO request for information on chemical warfare programs, I said Jack Maury told GAO we could not provide the papers they requested, but we would be happy to sit down and discuss the matter with them. I added that GAO has not been back in touch with us. (On returning to the office I learned the Director had sent notes to Kissinger and Laird about a subsequent request from Staats having to do with net estimates on U.S. and Soviet military research and development programs. I called Lehman and told him I would look into this further and be back in touch with him.)

On the subject of the request for the policy papers, Symmes took the position that State should show the papers to GAO but preclude their taking notes on certain aspects of them. French said this was unworkable and recommended that nothing be shown GAO. Hague was interested in avoiding a confrontation and favored a selective release to GAO of sanitized copies of papers or a briefing on their content.

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b. Haig asked about the Director's concern with Symington's letter of 9 March indicating that his Foreign Relations Subcommittee would be looking into intelligence duplication overseas. I said we were still concerned about this, but after discussions with State and DOD our response merely designated Jack Maury as our liaison contact since we felt this response was not the place to join the issue on Subcommittee jurisdiction. Haig advised the group that any issue with the Symington Subcommittee should come before LIG for resolution.

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d. I asked Lehman and Haig about the status of White House action on the Koch letter (I understand that Otis Pike is sending out similar ones). Lehman promised to look into it.

3. Other topics covered included:

a. Strategy for the Handling of the ABM Issue. DOD representatives said the Secretary of Defense has scheduled meetings with congressional leadership on this and State has a briefing arranged which will be given Members at various breakfast meetings. BeLieu noted in passing that Senator Symington will chair the Military Construction Subcommittee this year and in that capacity will be in a position to make policy through Subcommittee decisions on authorizations for construction.

b. War Powers and End the War Resolutions. Symmes reported Secretary Rogers is scheduled to testify on the war powers resolutions before the Foreign Relations Committee on 14 May. This prompted a discussion of witnesses to testify on the McGovern/Hatfield resolution to end the war. Alexis Johnson and Admiral Moorer were mentioned as the most likely candidates.

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c. Proxmire's Requests for Five Year Planning Figures and Country Projections. No real progress seems to have been made on these, particularly in view of Proxmire's refusal to accept anything classified.

d. Foreign Relations Committee Staff Clearances. DOD representatives said that Assistant Secretary for Legislative Affairs Richard Capen had refused to permit the granting of additional security clearances for certain Foreign Relations Committee clerical personnel who were in close proximity to classified material, but they hope to have this reconsidered when Rady Johnson replaces Capen.

e. Senate Foreign Relations Committee Pakistan Hearings. General Haig expressed relief that Joseph Sisco's scheduled appearance before the Committee tomorrow had been postponed. Haig said it was not at all clear that Sisco was in concert with or aware of the President's views on the situation there.

4. General Haig said the next few meetings would probably be held at weekly intervals until a number of outstanding issues are resolved. He stressed, however, that members should let him know if the meetings become burdensome.

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Deputy Legislative Counsel

Distribution:

Original - Subject

- 1 - DDI
- 1 - OGC
- 1 - Chrono

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JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Wednesday - 7 April 1971

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1. [ ] Received a call from Mr. Fox in the office of Representative John P. Saylor (R., Pa.), who requested a personnel interview for a constituent, [ ]. After checking with Mr. [ ] Office of Personnel, I advised Mr. Fox that the appointment had been set for 9:30 a.m. Thursday, 8 April 1971.

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2. [ ] In connection with his request for documents on Soviet chemical warfare, I called Mr. T. F. Zuenges, Defense Division of GAO, and explained the policy of not disseminating National Intelligence Estimates and USIB studies outside the intelligence community. Mr. Zuenges said he needed the material in connection with a study on gas masks he was doing for the U.S. Army. I said if he wished to pursue the matter he would have to take it up on a higher level, perhaps to GAO Director Staats. This he seemed reluctant to do. I said that alternatively if he wanted to talk to one of our people informally regarding certain specific questions we might be able to put him in touch with someone. He said if so he would call me back.

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3. [ ] At the request of [ ] OTR, I called Carl Marcy, Chief of Staff, Senate Foreign Relations Committee, who tentatively agreed to speak to the Advanced Intelligence Seminar on the afternoon of Friday, 14 May. Mr. Marcy said if he could not keep the appointment, Mr. Pat Holt, of the Committee staff, could substitute. Marcy suggested I contact him about 6 May to confirm the details.

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4. [ ] Dorothy Fosdick, Senate Subcommittee on National Security and International Operations staff, gave me two pages containing draft paragraphs of statements having to do with Soviet missile and other strategic programs. There are some gaps in these statements having to do with numbers or percentages and she has asked if our people would provide such information as can be used in an open forum in these statements. This material has been passed on to Mr. Duckett.

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25X1 8. [ ] Met with William Woodruff, Counsel, Senate Appropriations Committee, and informed him of:

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- a. The current situation in Pakistan and Ceylon.
  - b. The Director's planned speech before the American Society of Newspaper Editors.
  - c. Mr. [ ] briefing of Senator Eagleton.

I told Mr. Woodruff of our recent request from the GAO for estimates and studies on the Soviet chemical warfare program. Woodruff advised that we stand firm in refusing to provide this material commenting that once we set a precedent for responding to such GAO requests they will impose intolerable burdens on us.

25X1 9. [ ] Mrs. Jessup, in the office of Representative John Myers (R., Ind.), called to request an interview for a constituent. The constituent, [ ] wanted to speak to an Agency representative with regard to what college courses should be taken in preparation for an Agency career. After talking with Mr. [ ] I advised Mrs. Jessup that an appointment was set up for 10:00 tomorrow morning.

25X1 10. [ ] Met with Charlotte Gerber, in the office of Representative William Chappell (D., Fla.), concerning their inquiry in behalf of former contract employee [ ]. She was very pleased with the attention we had given the case and our suggested reply and she so indicated to Mr. Chappell and I renewed my earlier acquaintance with him.

25X1 11. [ ] Met with Mr. John R. Blandford, Chief Counsel, House Armed Services Committee, and reviewed with him the draft response to the letter of 30 March to Representative Edward I. Koch (D., N.Y.). In his opinion our approach to the response is a good one.

25X1 12. [ ] I met with Mrs. Franzetta DeGooyer, Senate Immigration and Naturalization Subcommittee, Committee on the Judiciary, who requested a report on [ ]

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4. [ ] Queried Harriet Robnett, on the staff of Senator Stuart Symington (D., Mo.), to see if their files reflected any statements by the Senator on the subject of the Green Beret case at the time it was active. She said a check of their records disclosed no such statements and she is inclined to agree with our recollection that the Senator thought of making a statement if the situation worsened, but never actually spoke on the subject.

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5. [ ] Chief, FE, called to see if we could discreetly ascertain the reasons behind Senator Adlai Stevenson's proposing a congressional commission to assure that the U.S. Government keeps out of the upcoming South Vietnam presidential election campaign.

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6. [ ] Accompanied George Carver, SAVA, who briefed Senator Thomas F. Eagleton (D., Mo.) preparatory to the Senator's upcoming trip to Southeast Asia. The Senator's interest focused particularly on the effects of the recent South Vietnamese operation in Laos and the accuracy of the intelligence on which that operation had been planned. He spoke highly of Mr. Carver's knowledge and candor in discussing the situation. Mr. Steve Vossmeier, of the Senator's staff, was present.

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7. [ ] Received a call from [ ] OSI, who explained that he had been called by a Mr. William Horton, of GAO, who requested a recent National Intelligence Estimate (NIE 11-11-69) and a USIB Scientific Intelligence Committee study (SIC 1-68) on Soviet chemical warfare. I told Lexow I would follow up, and called Horton back to say that such studies were not available outside the intelligence community. Horton was unfamiliar with the purposes for which the studies were needed, and referred me to Mr. T. F. Zuenges, Defense Division of GAO.

SECRET

1. SUBCOMMITTEE ON GENERAL LEGISLATION  
2. SUBCOMMITTEE ON GENERAL DEFENSE  
3. SPECIAL SUBCOMMITTEE ON DOMESTIC DEFENSE  
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5. CHAIRMAN: SUBCOMMITTEE ON SMALL BUSINESS  
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The Honorable Elmer B. Staats  
Comptroller General of the United States  
General Accounting Office Building  
Washington, D.C.

Dear Mr. Staats:

In recent testimony to the Senate Armed Services Committee, Dr. John S. Foster, Jr., Director of Defense Research and Engineering, warned of the existence of a \$3 billion gap between U.S. and U.S.S.R. expenditure levels for defense-related research and development:

"... it appears that this year the Soviet Union will be devoting about 40 to 50 per cent more in equivalent effort to military R&D than the U.S. This additional effort amounts to about 3 billion in equivalent U.S. dollars." (Statement of March 18, 1971, p. 2-5)

The clear inference to be drawn from this statement is that U.S. expenditures of about \$7 billion for military R&D are now exceeded by Soviet expenditures of about \$10 billion annually.

Such a statement has obvious national security implications. Because it is important that we neither underestimate nor magnify Soviet expenditures in this area, I am writing to request your assistance in evaluating both the data and the methodology on which the Defense Department's conclusion is based.

How was the conclusion reached? How much confidence should be placed in this or any other study which attempts to compare U.S. and Soviet expenditure levels for military R&D? A study by the General Accounting office is the best means I can think of for obtaining at least tentative answers to these questions.

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The study I envisage would have four parts:

1) Dollar evaluation of U.S. research and development expenditures:

Defense-related research and development expenditures constitute only a part of our total R&D expenditures as a nation, yet expenditures in other areas also contribute to differing degrees both to the strength of our overall technological base and to our military potential. It is important, therefore, that there be made available to the Congress a comprehensive picture of our total R&D effort as a nation, together with an indication of its allocation into component parts. Because of their close relationship to military technology, I am especially interested in the amount of money being directed annually to the fields of space and atomic energy research, both by the government and private industry.

Moreover, not all of our clearly defense-related research and development expenditures are funded through the annual R.D.T.&E. budget of the Department of Defense. The following should also be included in an accurate assessment of our total annual expenditures in this field:

a) the annual costs of defense contractors' independent research and development, bid and proposal, and other technical effort programs, both that fraction financed directly by the Department of Defense and that defense-related fraction financed by the contractors themselves under cost-sharing provisions now in force;

b) the annual salaries of military and civilian government personnel working on defense-related research and development efforts whose salaries are not included in the R.D.T.&E. appropriation;

c) the annual construction, equipment, testing, and other operating costs of defense-related research and development installations to the extent not funded in the R.D.T.&E. appropriation; and

d) defense-related costs of an R&D nature often funded in the procurement or other appropriations, such as the costs of many modernization programs, work done pursuant to Engineering Change Proposals, and many Advance Production Engineering expenditures.

The above list is, of course, illustrative rather than all-inclusive. Other costs which should be included in a calculation of

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our total defense-related R&D expenditures might well turn up during the course of your study. It is important, however, that the Congress be given as accurate a picture of these expenditures as possible, together with a clear indication as to which of the component items, and at what levels of expenditure, have been included in the Defense Department's study and your own, respectively.

2) Ruble evaluation of Soviet research and development expenditures:

Due to the extreme secrecy surrounding Soviet defense activities and the low reliability of officially published Soviet data, it would seem extremely difficult to gauge the precise magnitude of Soviet research and development activities at any time. If the Congress is to put any reliance on the Defense Department's estimates in this area, it will have to have a clear indication of how these estimates are derived.

The following are among the questions to which answers are urgently needed and should be possible:

a) What are the Defense Department's estimates of overall Soviet research and development expenditures, Soviet expenditures on defense-related R&D, and Soviet expenditures on R&D in the fields of space and atomic energy?

b) Where in the official Soviet budget categories are these expenditures believed to be funded?

c) To what extent are Defense Department estimates of these expenditures actually based upon published Soviet budget data, and to what extent on other means of what kinds?

d) What range of error can realistically be expected to be associated with these estimates?

e) To what extent has the Defense Department attempted a break-out of its aggregate estimate of Soviet defense-related R&D expenditures into component parts? What is the nature of this break-out, how was it accomplished, and how reliable can it be expected to be?

3) Evaluation of potential biases due to structural differences between the U.S. and Soviet economies:

Ours is a largely private enterprise economy, while the Soviet economy is state-controlled. Consequently, many types of research

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and development privately financed in the U.S. will be financed directly by the Soviet government.

In the U.S., for example, the great bulk of basic and applied research in such fields as computers, instrumentation, and micro-electronic technology is conducted by private enterprise. Much of this research has obvious potential for military applications yet except for the relatively small portion financed under defense contracts or associated with the Defense Department's independent research and development and related programs, it would not be included normally in a calculation of overall U.S. defense-related R&D expenditures. In the Soviet Union, on the other hand, similar research will be government funded and might more readily be included in a calculation of Soviet expenditures.

One important part of your study might be to examine the composition underlying the aggregate Defense Department estimates of U.S. and Soviet defense-related expenditures, respectively, to ensure that structural differences in the two economies are not allowed to bias the results. An accurate comparison would require additions to the U.S. total to offset all inclusions in the Soviet total of defense-related work funded by the Government in the Soviet Union but by private industry in the United States.

4) Evaluation of ruble to dollar conversion methodology:

One of the most crucial aspects of any comparison between Soviet and U.S. expenditures is the choice of an exchange rate for translating rubles into dollars. The artificial nature of the official exchange rate prevents its being used, but the choice of an alternative rate is difficult.

This section of your study might address the following questions:

a) What was the exchange rate used by the Defense Department in its calculations, and by what precise methodology was this rate derived?

b) Is there any way of deriving such a rate without, in effect, estimating directly how much it would cost to do in the United States the Soviet work which is being costed? Do we know enough about the precise nature of the Soviet work in question to be able to make such a calculation? If such a procedure was utilized by the Defense Department with respect to the present comparison, what different rates were chosen for the different

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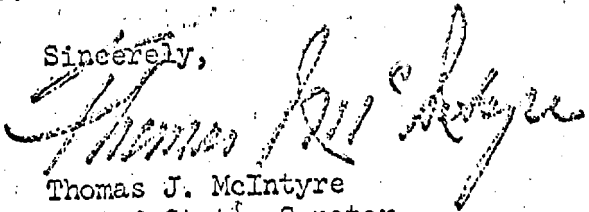
categories of Soviet effort underlying the total, and how was the rate for each of these categories derived?

"c) What range of error can realistically be expected to be associated with the exchange rate chosen by the Defense Department?

I fully recognize the complexity of the study I am requesting you to make, but I would appreciate an interim report on your investigation by June 1, 1971. It should be possible within the next two months at least to identify the rough magnitude of overall U.S. expenditures for defense-related R&D and to determine the data and methodology used by the Defense Department in calculating comparable Soviet expenditures. Due to the sensitive nature of some of the information on which your study will have to be based, I would like to receive both a classified and an unclassified version of your interim report. When that report is received, consideration as to the practicality and advisability of a more detailed, in-depth study of the Defense Department's comparisons of U.S. and Soviet efforts will be in order.

Your cooperation in undertaking at least the initial phases of the investigation I have outlined would be deeply appreciated. My staff will be available to consult with personnel of your office as to any questions you may have.

Sincerely,

  
Thomas J. McIntyre  
United States Senator

TJM:RHs